

Bush to Name SBA's Preston as HUD Chief

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President Bush intends today to nominate Steven C. Preston, the head of the Small Business Administration, to take over the Department of Housing and Urban Development, according to a senior administration official.

Preston would take over from Alphonso Jackson, a longtime Bush ally who resigned following allegations of favoritism in his dealings with a Philadelphia developer and criticism of his response to the crisis in the housing industry.

HUD has taken on an increasing profile amid rising mortgage default rates and collapsing home values.

Bush chose Preston, a former investment banker with Lehman Brothers, because of his background in finance, the official said, referring to him as "a problem solver who knows how to tackle complex challenges."

The U.S. housing industry is in the midst of a sharp downturn, with prices dropping throughout the country and a record number of homeowners falling behind on their mortgage payments.

The problem stemmed in part from years of loose lending practices in which mortgage brokers and finance companies freely provided loans to less creditworthy borrowers -- often on terms that began with a low interest rate, only to escalate beyond the borrowers' ability to pay.

Defaults on those loans have contributed to broad problems in global financial markets, and prompted efforts in the United States to overhaul the way the mortgage industry is regulated.

Preston left Lehman in 2006 to become SBA administrator, taking over an agency struggling through criticism of its own, particularly regarding its seemingly laggard efforts to help small businesses damaged by Hurricane Katrina.

The administration official said Preston was credited with turning that program around, resolving tens of thousands of small-business requests in a matter of months and disbursing about \$6 billion to business owners.